BAF3M Test 2 (Chapters 3,4, and 5) Review

**Format: True and False (with False corrections), Multiple Choice, Fill in the blank (no word bank), Problems**

**Items to review:**

- Know what happens to balance sheet items when a transaction is made (how many accounts are affected?)

- Review how a company’s financial position is improved (which accounts have been affected)

- Review transactions where 3 or more accounts are affected

- Review Source Documents

- Understand how changes in accounts affect other accounts

- Recall how an owner’s use of company cash affects the position of the company

- Recall how to enter transactions if given a particular scenario

- Know what an income statement is and how to format an income statement (particularly the headings)

- Recall **fiscal periods**

- Review how accounts increase and decrease (how do you represent increases in an asset account? Do values go in the left (debit) or right (credit)?)

- Review **Assets, Liabilities, Capital** and **Debit and Credit Accounts**.

- Review how transactions affect certain accounts (if at all).

- Know how to calculate **net income and owner’s equity**

- Review the GAAP that we have learned so far: The objectivity principle, the time period concept, the matching principle, the economic entity concept, and the revenue recognition principle. **Be able to connect them with a situation**.

- Know what transactions affect Owner’s Equity (we learned the names of these in Chapter 5 and there are **three of them**)

**Note from Mr. Stott: There will be no surprises on this test. If you have completed this review and you are confident in your understanding, then you will do just fine.**